

**EMBASSY OF INDIA
ALGIERS**

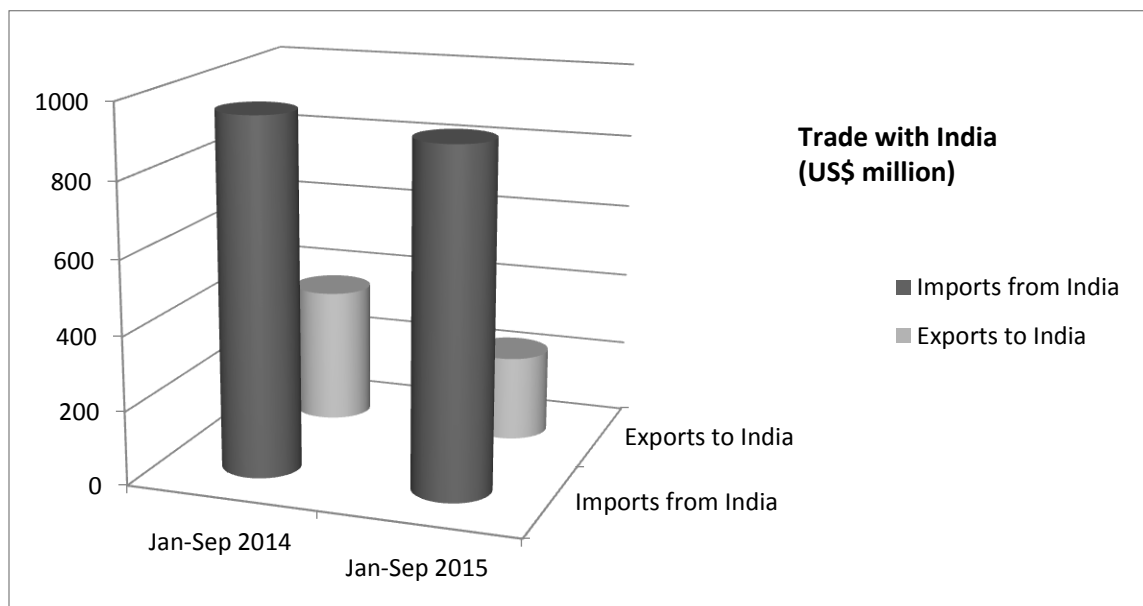
Economic and Commercial Report for the Month of October, 2015

1. Name of the Country: Algeria

Trade with India:

	<i>Value in million US\$</i>		
	<i>Jan-Sep 2014</i>	<i>Jan-Sep 2015</i>	<i>Growth %</i>
<i>Imports from India</i>	957	918	-4.07
<i>Exports to India</i>	366	230	-37.15
<i>Total</i>	1 323	1 148	-13.22
<i>Trade balance</i>	591	688	

*Mainly due to decline in value of Algerian exports of hydrocarbons due to fall in international prices of oil/hydrocarbons



2. Trade Promotional Activities organized in Algeria and activities planned in the next six months:

BSMs will be organized during the next six months in Algeria with the collaboration of Indian Export Promotion Councils.

An E-book on doing business with India will be prepared by the Commercial Section and will be distributed to the Algerian companies.

A market survey activity regarding agro products will be carried out

A Food Festival will be organized by the end of the year. A Catalogue Show will also be held.

3. Trade and Commercial delegation from India to Algeria during the month of October:

An important official delegation from Algeria visited India to participate in the India-Africa Business Council Meeting on 23rd October coinciding with the India-Africa Forum Summit in New Delhi. The delegation was composed of the Algerian minister of trade, officials from the ministry of commerce, officials from the Algerian Chamber of Commerce and Industry (CACI) and important businessmen including Mr. Ali Haddad, President of the construction company, Haddad Group, he is as well president of the Forum of Heads of Enterprises (FCE). Mr. Haddad was nominated as co-chairman of the event.

A Representative of M/s Pharma Trade Chem visite Algeria to meet with Embassy's officers and to meet with the Algerian Chamber of Commerce and Industry.

A representative of M/s Amit Engg. Works visited Algeria in order to open an office with his Algerian client.

4. Important International Trade Fairs/Exhibitions in Algeria in 2015:

Event	Period	Venue
Algiers Industries Fair	05-08 October	SAFEX, Algiers
SIVI Industrial and Utility Vehicles International Fair	05-08 October	SAFEX, Algiers
SMEs, Paternership and Technologies Fair	05-08 October	SAFEX, Algiers
Djazair Oil & Gas Expo	05-08 October	SAFEX, Algiers
Traditional Handicrafts Fair	15-24 October	SAFEX, Algiers
SIOL Optic and Glasses Fair	16-24 October	SAFEX, Algiers
SILA Algiers International Book Fair	28 October-7 November	SAFEX, Algiers
Kitchen and Bathroom International Fair	02-06 November	SAFEX, Algiers
SITP Public Works International Fair	18-22 November	SAFEX, Algiers
AGRO EXPO Agriculture International Fair	18-22 November	SAFEX, Algiers
Best 5, Design Expo	18-22 November	SAFEX, Algiers
Food Expo	18-22 November	SAFEX, Algiers
Djazair Energy Expo	07 -10 December	SAFEX, Algiers
Algerian Production Fair	23 -29 December	SAFEX, Algiers

Indian artisans participated in the 20th Edition of the International Handicraft Fair, held from 15th to 24th October 2015 in Palais des Expositions, Pins Maritimes, Algiers.

External

5. Trade and Investment activities by other countries in Algeria:

Algeria-France:

Algerian private company SIM and the French company Sanders, signed a partnership contract in accordance with the rule 51/49% for the construction of a plant for the production of animal feed in the province of Ain Defla. This investment is worth US\$ 12 million will produce 150.000 tons per annum. The joint venture Sim-Sanders intends to realize two more similar plants in the East and West of the country to ensure a permanent availability of animal feed products.

Alstom signed a contract with the Algerian railway company Societe Nationale des Transports Ferroviars, SNTF, for the acquisition of 17 intercity Coradia polyvalent trains. The value of the contract is estimated at US\$ 215 million. Delivery of the first train will be in January 2018. This investment belongs to the modernisation programme and extension of SNTF's network throughout the provinces of the country. The trains will link Algiers to Annaba, Constantine, Oran, Bechar.

Bilateral

Algeria-India:

Signature of a definitive agreement between Cipla and Biopharm

The Indian giant of generic medicines, Cipla signed a definitive agreement with its partner Biopharm for the creation of a joint venture in Algeria. "Cipla (EU) Limited, a subsidiary wholly owned by the company, concluded a definitive agreement with Biopharm SPA for the set-up of a joint venture in Algeria', reported the Indian group, whose head office is based in Mumbai, last Wednesday. Last February, the two parties signed a partnership agreement for the creation of a common company for the production and commercialization of respiratory diseases products. The joint venture, which intends to invest US\$ 15 million for the construction of a production plant, will be held by Cipla (EU) Limited, the British subsidiary of the Indian group, with 40% of shares. The rest of the capital which is 60% will be held by the private Algerian pharmaceutical laboratory Biopharm, in accordance with the agreement.

The British subsidiary of the Indian group intends initially to invest US\$ 6 million in the joint venture.

6. Analysis of export performance of competing countries in first nine months of 2015 (Jan-Sep 2015)

India ranks at the 10th position in terms of exports to Algeria. The main exporters to Algeria are mostly China and European countries and as shown in the table below:

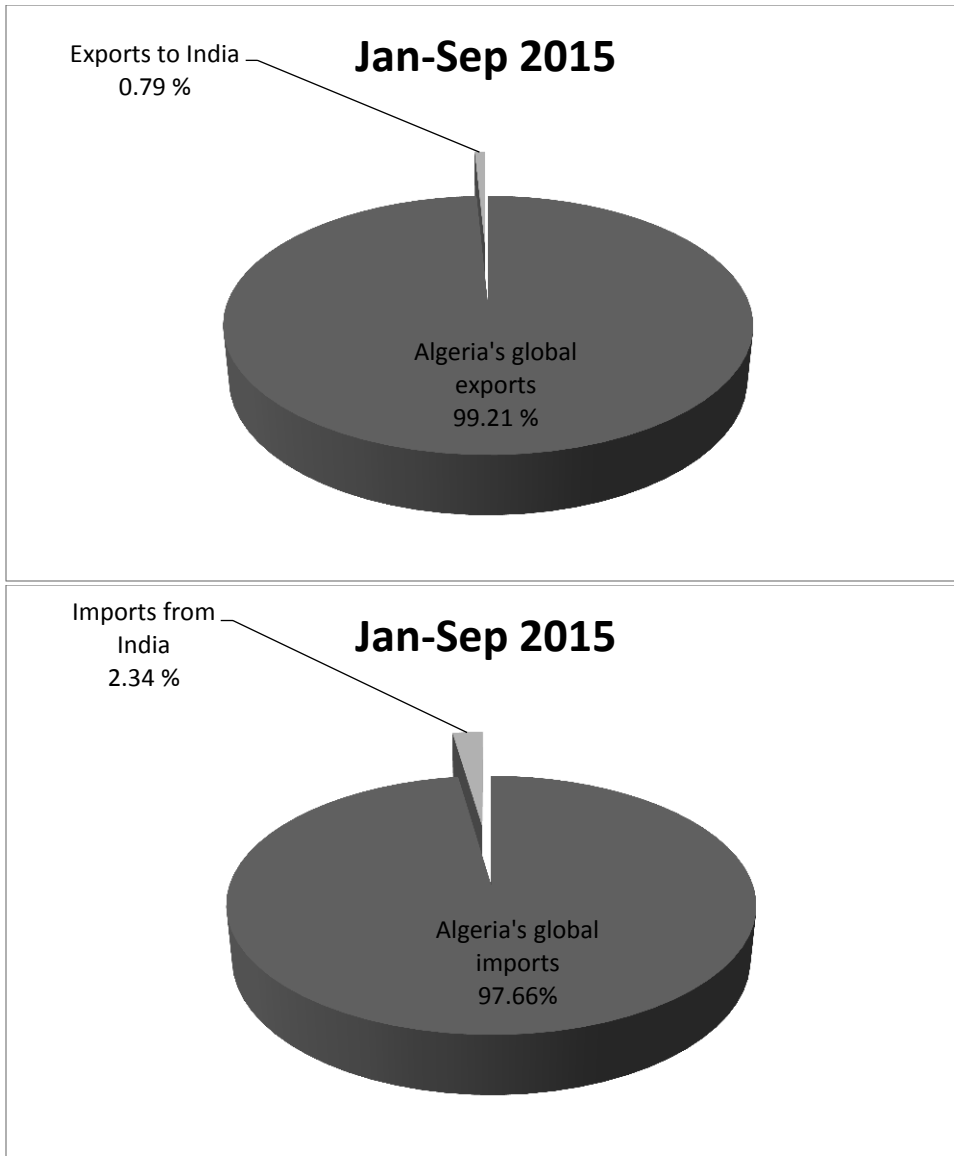
Value in US\$ million

Country	Value	Growth %
China	6 422	16.39
France	4 056	10.35
Italy	3 687	9.41
Spain	2 971	7.58
Germany	2 672	6.82
USA	2 090	5.33
Turkey	1 542	3.93
Argentina	942	2.40
Republic of Korea	925	2.36
India	917	2.34
Brazil	811	2.07
Russia	670	1.71
G. Britain	654	1.67
Netherlands	638	1.63
Belgium	628	1.60

7. Global Exports and Imports of Algeria and India's share for January- Sep 2014/2015:

Value in million US\$

Period	Algeria's Global Exports	Exports to India	%age of Global Exports	Algeria's Global Imports	Imports from India	%age of Global Imports
Jan- Sep 2014	48 291	366	0.75	44 203	957	2.16
Jan- Sep 2015	28 860	230	0.79	39 192	918	2.34



8. Market prospects in respect of major items of Indian exports:

India has very good opportunity for enlargement of its market share in Algeria. Algeria is an import dependent country; India has good chances to increase the volume of its exports to Algeria in various sectors, such as agricultural products mainly dairy products, seeds, food products, engineering items, pharmaceuticals etc. India is already exporting automobiles, engineering items, frozen meat and other food items, pharmaceuticals, handicrafts, cosmetics, construction equipment etc.

9. Trade enquiries from India and Algeria:

The Commercial Section received 36 inquiries from India and 11 from Algeria during the month of October for various products mainly engineering items, pharmaceuticals, medical equipment, handicrafts, food products, construction materials, IT equipment, and cars spare

parts, etc. Algerian businessmen also visited the Embassy for various business and trade information.

10. Trade complaints received during the month of September: The Commercial Section is following up the dispute case received from M/s Vaibhav Overseas for non-payment of exported goods to Algeria. We are also following up the dispute with M/s SS Gas Lab, whose payment is held by Al Baraka Bank. Written communications have been sent to all parties. A complaint was received from Algerian company M/s Sarl Aldimex Negoce against Al Noor Exports regarding export of contaminated meat. The matter is being followed up by us.

11. India's investments in Algeria: The British subsidiary of the Indian group CIPLA intends initially to invest US\$ 6 million in the joint venture with the Algerian group Biopharm for the production and commercialization of respiratory diseases products.

12. Status of ongoing major investments by Indian PSU's/Pvt Sector in Algeria: There are no major investments by PSUs.

13. Analysis of investment opportunities in Algeria:

China intends to reinforce its partnership with Algeria particularly now as the situation is less favourable for Algeria and china. This reinforcement will be concretised by investments in the industrial sector, mainly in sectors like automobile construction, solar energy and equipment, railway materials. The Chinese workforce in Algeria is estimated at 40 000 workers. This figure will decrease in the coming days as the Chinese companies will have recourse to the Algerian work force.

14. Status of trade and investment related issues taken up by the mission with the Government of Algeria: Nil

15. Details and result of meetings and interactions of the Mission with Trade Industry and Economic Ministries/Department/Agencies in Algeria: Nil

16. Important policy changes by the Government of Algeria with respect to trade, investment, aid/credit facilities:

17. Position of Algeria on WTO related issues and issues with respect to other important multilateral fora:

Algerian minister of trade participated in the preparatory Arab meeting in Ryadh for the next conference of WTO:

The Algerian Minister of Commerce Mr. Bakhti Belaib took part in Ryadh in the working meeting of Arab Ministers of Commerce in the framework of preparation of the 10th Ministerial Conference of the World Trade Organisation (WTO). The participants examined important questions mainly those related to the determination of the position regarding negotiations of Doha cycle and the working program of the post Bali conference. The Arab ministers confirmed their commitment to put the needs and interests of developing countries

as a priority in the program of Doha for the development in view of pushing forward negotiations mainly in the fields of agriculture and non-agriculture products. The draft declaration of Ryadh plans to reiterate the request of Arab ministers of commerce to act as observers for the Arab League within councils, organisation of WTO committees as well as related ministerial conferences, and the authorisation of an equal participation as observers in this organisation for governmental institutions. The draft declaration supports the necessity to introduce the Arab language as one of the official working languages of the WTO. The State members will be requested to facilitate and accelerates the accession to the WTO of developing countries and less developed countries by offering them a technical and financial assistance in view to build the necessary capacities which will allow them to access efficiently to the multi-lateral commercial system.

18. Major international tenders issued: RITES Ltd. is presently engaged in processing studies for its participation in the tender related to construction of two new railway lines Bechar-Tindouf and Ain Salah-Tamanrasset.

19. Aid/assistance received by Algeria from other countries/international agencies, funding organizations: NIL

20. Commercial, Economic and Political report of Algeria: The reports are sent on regular basis.

21. Pending references from the Mission: / NIL

22. Monthly expenditure of the Commercial Budget: Rs 228,030

23. Any other relevant inputs:

Snapshot of Algeria's trade and economy:

The commercial balance of Algeria recorded a deficit of US\$ 10.33 billion between January and September 2015, against a surplus of US\$ 4.09 billion during the same period in 2014.

During these nine months, Algeria's exports reached US\$ 28.86 billion, a decrease of 40.23% comparing to US\$ 48.29 billion collected last year. It reflects the clear back up of hydrocarbon revenues, which accounts for 94.56% of total exports.

In spite of the efforts deployed by the Algerian authorities to privilege the local consumption and discourage imports, these have increased by 11.34% to reach US\$ 39.19 billion between January and September 2015. Consequently, the coverage rate of imports dropped by 74% during the first nine months of 2015 against 109% in 2014.

Countries of the European Union maintained their place as principal partner of Algeria with 48.51% of Algerian imports (US\$ 19.01 billion) and 69.06% of exports from Algeria (US\$

19.93 billion). The principal clients of Algeria during the first nine months were Italy (US\$ 4.98 billion), Spain (US\$ 4.94 billion), France (US\$ 3.38 billion), Great Britain (US\$ 2.4 billion), Netherlands (US\$ 1.88 billion), Turkey (US\$ 1.54 billion). China remains the first supplier of Algeria with US\$ 6.42 billion of exports, and then comes France (US\$ 4.06 billion), Italy (US\$ 3.68 billion), Spain (US\$ 2.97 billion), USA (US\$ 2.09 billion).

Inflation:

The annual inflation rate reached 5.3% in September against 5.1% in August, 5% in July and June (against 4.8% in May and 4.5% in April). This trend is explained by an increase of more than 6% of the consumer price index during September 2015 as compared to the same month last year.

By category of products, the prices of food products increased by 7% with 8.3% for fresh agricultural products and 5.6% for agro food products. Manufactured products increased by 5.7% and services by 4.5%. The exception was with the price of potatoes which decreased by 13.2%, eggs -18.8%, fresh fruits -4%. All other food products recorded an increase in September as compared to the same period in 2014.

Fresh vegetables increased by 40.3%, chicken meat +13.8%, fresh fish +4%. Other products such as sheep meat increased by 3.7%, and beef meat by 2.9%.

Shares of ArcelorMittal Algeria, Ampta and Arcelor Mittal Tebessa transferred to the Algerian Group Imetal :

The totality of shares of ArcelorMittal Algeria, ArcelorMittal Tebessa and AMPTA (ArcelorMittal Pipes and Annaba Tubes) is transferred to the public group Industries Metallurgiques et Siderurgiques (IMETAL). This decision of capital transfer which put an end to the partnership with the international steel group ArcelorMittal, was taken in the framework of prospection by Algeria of a better solution to relaunch the steel industry. It constitutes a mean to reach the objectives fixed which are to take the annual production of steel products to 10 million tons and ensure auto sufficiency of Algeria and stop importations by 2017.

Imports of vehicles:

The National Association of Car Dealers of Algeria (AC2A) forecasts a continuous decrease of imports of vehicles in the next coming months after the implementation of the new specifications that control this activity. A drastic decrease of imports will continue in a mechanical and automatic manner throughout the year 2015 as the orders stopped from end March. Imports will start again in a more fluid manner from March 2016, however, there is still a question mark regarding the application mechanism of imports licences and quotas

that will certainly have an impact on the volume of annual imports. Certainly import of vehicles decreased drastically during the last months, the reason is mainly due to certain technical measures brought by the new specification documents and certain confusion in its application, which consequently led to the slowdown of the adaptation process of different models of vehicles to the new regulation.

Algeria may seek a loan from China to finance its important projects:

During a working meeting with the President of the Chinese Council for the promotion and South-South cooperation, the Algerian minister of Trade evoked the possibility of Algeria to contract a loan from China to finance some important projects.

The weakening of the financial position of the country, after the drop of oil prices will make inevitable the recourse of Algeria to external debt. It is an exception that Algeria is going to make considering the low interest rates applied by China and the quality of relations between the two countries'. Discussions are taking place with Chinese parties, but the amount that Algeria intends to contract has not been precised.

This issues with the approval of Ambassador

Commercial Section
E/I Algiers